GOVERNMENT OF INDIA
AGRO AND RURAL INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:2336
ANSWERED ON:15.12.2004
PROMOTION OF RURAL INDUSTRIES
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Will the Minister of AGRO AND RURAL INDUSTRIES be pleased to state:

(a): whether the government has completed the process of selection of industries for promotion of agro-based rural industries to provide employment to the local people; and

(b): if so, the details thereof?

Answer

MINISTER OF SMALL SCALE INDUSTRIES & AGRO AND RURAL INDUSTRIES (SHRI MAHABIR PRASAD)

(a)to(b): In order to develop village industries, including agro- based industries, the Government has been implementing the Rural Employment Generation Programme (REGP) through the Khadi and Village Industries Commission (KVIC) in all the States and Union Territories(UTs). Under this programme, an entrepreneur can establish projects by availing of margin money assistance from the KVIC and loans from any public sector scheduled commercial bank, for projects with a maximum cost of Rs. 25 lakh. The permissible margin money assistance is as detailed in the table below:

Margin Money Assistance under REGP

Sl.No.	Category of Beneficiary	Project Cost	Margin money Assistance
1	General	Upto Rs. 10 lakh	25% of project cost
2	SC/ST/Women/Ex-Serviceman/NE Region/Hill Areas	Upto Rs. 10 lakh	30% of project cost
3	General	Rs. 10 lakh and Upto Rs. 25 lakh	Rs. 2.5 lakh + 10% of balance project cost
4	SC/ST/Women/Ex-Serviceman/NE Region/Hill Areas	Rs. 10 lakh and Upto Rs. 25 lakh	Rs. 3 lakh + 10% of balance project cost

Note: SC/ST = Scheduled Caste/Scheduled Tribe;
NE = North Eastern

2. The group-wise categorization of rural industries identified by the KVIC for assisting establishment of projects under the REGP is as follows :

(1) Agro & Food Processing Industries

(2) Forest based Industries

(3) Hand Made Paper & Fibre Industries

(4) Mineral Based Industries

(5) Polymer & Chemical Based Industries

(6) Rural Energy and Biotechnology Service Activities

(7) Service Activities

3. Under REGP assistance is not provided for the following industries :-

(i) Horticulture, Floriculture, Tea, Coffee, Rubber, Animal Husbandry, Pisciculture,

(ii) Handloom and Sericulture,

(iii) Khadi and Polyvastra projects,

(iv) Meat (processing, canning and/or serving) and intoxicants like tobacco, liquor (production/manufacture/sale) and

(v) Environmentally hazardous activities like manufacturing of polythene bags of less than 20 microns thickness, etc.

4. Under the Pradhan Mantri Rozgar Yojana (PMRY) of the Government, being implemented through the District Industries Centres (DICs) of the States/Union Territories (UTs) and banks, loans are provided to the educated unemployed to set up self- employment ventures in rural and urban areas. Under the PMRY, the Central Government allocates funds for subsidy, entrepreneurial development training (EDT), contingencies, etc., based on the targets of generation of employment opportunities assigned to each State/UT. The Central funds for subsidy are routed through the Reserve Bank of India (RBI) which, in turn, passes them on to the implementing banks for crediting the amount to the loan account of each beneficiary. Under this Yojana, projects with investment upto Rs. 1.lakh in the business sector and upto Rs. 2 lakh in other sectors are eligible for assistance. The subsidy amount is 15 per cent of the project cost and subject to a ceiling of Rs. 7,500/-. Eligible persons can join together in a partnership to get assistance for projects with investment upto Rs. 10 lakh. The margin money contribution of the beneficiary varies from 5 per cent to 16.25 per cent of the project cost, so as to make the sum of the Government subsidy and beneficiary`s own contribution to margin money equal to 20 per cent of the project cost. Approximately 49.9 per cent of the self-employment opportunities generated under the PMRY is in the rural areas.